

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1985
OFFERED BY MR. CALVERT

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Western Water Secu-
3 rity Enhancement Act”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Purposes.
Sec. 4. Definitions.

TITLE I—WESTERN WATER SECURITY PROGRAM

Sec. 101. Interim program activities and governance structure.
Sec. 102. Long-term governance and monitoring.
Sec. 103. California water supply security.
Sec. 104. Implementation of the CALFED program.
Sec. 105. Competitive grant program.
Sec. 106. Requirement of specific congressional authorization for projects.
Sec. 107. Annual reports.
Sec. 108. Treatment of funds.
Sec. 109. Land acquisition; management plan required for existing lands.

TITLE II—SMALL RECLAMATION PROJECTS

Sec. 201. Short title; references.
Sec. 202. Amendments to the Small Reclamation Projects Act of 1956.
Sec. 203. Additional appropriations.
Sec. 204. Guidelines.
Sec. 205. Effective date.
Sec. 206. Limitation.

6 SEC. 3. PURPOSES.

7 The purposes of this Act are the following:



1 (1) To authorize funding, through the Secretary
2 of the Interior, for the implementation of a com-
3 prehensive program to achieve increased water yield
4 and water supply, improved water quality and en-
5 hanced environmental benefits as well as improved
6 water system reliability, water use efficiency, water-
7 shed management, water transfers, and levee protec-
8 tion for California.

9 (2) To ensure that the Secretary of the Inte-
10 rior, in cooperation with the State of California, and
11 through a State and congressionally authorized gov-
12 ernance board, continues the implementation of—

13 (A) the CALFED program; and

14 (B) other programs authorized under this
15 Act.

16 (3) Enhance water security in Western United
17 States by reauthorizing and amending the Small
18 Reclamation Projects Act of 1956.

19 **SEC. 4. DEFINITIONS.**

20 As used in this Act:

21 (1) BAY-DELTA SOLUTION AREA.—The term
22 “Bay-Delta solution area” means the Bay-Delta wa-
23 tershed and the San Francisco Bay/Sacramento-San
24 Joaquin Delta Estuary, California, and the areas in
25 which diverted/exported water is used.



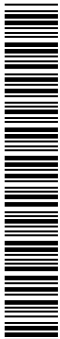
1 (2) BAY-DELTA WATERSHED.—The term “Bay-
2 Delta watershed” means the Sacramento River-San
3 Joaquin River Delta, and the rivers and watersheds
4 that are tributary to that Delta.

5 (3) CALFED PROGRAM.—The term “CALFED
6 program” means the cooperative, interagency effort
7 of State and Federal agencies with management or
8 regulatory responsibilities for the Bay-Delta solution
9 area as set forth in the record of decision, including
10 complementary actions (as that term is defined in
11 the record of decision).

12 (4) CONGRESSIONAL APPROPRIATIONS COMMIT-
13 TEES.—The term “congressional appropriations
14 committees” means the Subcommittee on Energy
15 and Water Development of the Committee on Appro-
16 priations of the Senate and the Subcommittee on
17 Energy and Water Development of the Committee
18 on Appropriations of the House of Representatives.

19 (5) CONGRESSIONAL AUTHORIZING COMMIT-
20 TEES.—The term “congressional authorizing com-
21 mittees” means the Committee on Energy and Nat-
22 ural Resources of the Senate and the Committee on
23 Resources of the House of Representatives.

24 (6) DELTA.—The term “Delta” means the Sac-
25 ramento River-San Joaquin River Delta in Cali-



1 fornia as defined in California Water Code section
2 12220.

3 (7) ECOSYSTEM RESTORATION PROGRAM.—The
4 term “Ecosystem Restoration Program” means the
5 program described in section 2.2.2 of the record of
6 decision.

7 (8) ENVIRONMENTAL WATER ACCOUNT.—The
8 term “Environmental Water Account” means the
9 water account established by the Program agencies
10 pursuant to the record of decision to provide water
11 for the protection and recovery of species of fish list-
12 ed under section 4(c) of the Endangered Species Act
13 of 1973 (16 U.S.C. 1533(c)).

14 (9) FEDERAL AGENCIES.—The term “Federal
15 agencies” means the Federal agencies that are sig-
16 natories to Attachment 3 of the record of decision.

17 (10) PROGRAM AGENCIES.—The term “Pro-
18 gram agencies” means both the Federal agencies
19 and the State agencies.

20 (11) RECORD OF DECISION.—The term “record
21 of decision” means the record of decision issued Au-
22 gust 28, 2000, pursuant to the National Environ-
23 mental Policy Act of 1969 for the CALFED Bay-
24 Delta Program Final Programmatic Environmental
25 Impact Statement.



1 (12) RESTORATION FUND.—The term “restora-
2 tion fund” means the Central Valley Project Res-
3 toration Fund established by section 3407 of the
4 Central Valley Project Improvement Act (106 Stat.
5 4726).

6 (13) SECRETARY.—The term “Secretary”
7 means the Secretary of the Interior.

8 (14) STATE AGENCIES.—The term “State agen-
9 cies” means the California State agencies that are
10 signatories to Attachment 3 of the record of deci-
11 sion.

12 (15) WATER SECURITY BOARD.—The term
13 “Water Security Board” means such board estab-
14 lished pursuant to section 102.

15 (16) WATER SUPPLY.—The term “water sup-
16 ply” means a quantity of water that is developed
17 through the CALFED program and derived from—

18 (A) recycling existing sources;

19 (B) surface or groundwater storage;

20 (C) conservation; or

21 (D) other actions or water management
22 tools that—

23 (i) improve the availability and reli-
24 ability of water supplies in critically dry
25 years for beneficial uses;



- 1 (ii) improve system capacity; or
2 (iii) improve operational flexibility.

3 (17) WATER YIELD.—The term “water yield”
4 means water supply that is available in critically dry
5 years for beneficial uses.

6 **TITLE I—WESTERN WATER**
7 **SECURITY PROGRAM**

8 **SEC. 101. INTERIM PROGRAM ACTIVITIES AND GOVERN-**
9 **ANCE STRUCTURE.**

10 (a) IN GENERAL.—The Federal agencies, in consulta-
11 tion with State agencies, shall continue to operate under
12 the interim governance structure as described in Attach-
13 ment 3 of the record of decision, and in accordance with
14 section 103 of this Act, until the date on which the Water
15 Security Board is established under section 102.

16 (b) ALLOCATION OF FUNDING DURING INTERIM.—
17 The Secretary shall ensure that during the period pre-
18 ceding establishment of the Water Security Board under
19 section 102, Federal funding is allocated such that—

- 20 (1) there is balanced progress toward increased
21 water yield and water supply, improved water qual-
22 ity, and enhanced environmental benefits; and
23 (2) adequate progress is made in improving
24 water system reliability, water quality, water use ef-
25 ficiency, watershed management, water transfers,



1 and levee protection, in accordance with the record
2 of decision.

3 (c) WATER SUPPLY STUDIES.—

4 (1) IN GENERAL.—The Secretary, acting
5 through the Bureau of Reclamation, shall conduct a
6 study of available water supplies and existing
7 demand—

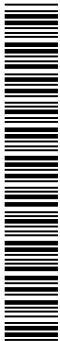
8 (A) within the units of the Central Valley
9 Project; and

10 (B) within the area served by Central Val-
11 ley Project agricultural water service contrac-
12 tors and municipal and industrial water service
13 contractors.

14 (2) REPORT.—The Secretary shall submit a re-
15 port to the congressional authorizing committees by
16 not later than October 1, 2002, describing the find-
17 ings of the study. The report shall describe—

18 (A) water yield and water supply improve-
19 ments, if any, for Central Valley Project agri-
20 cultural water service contractors and municipal
21 and industrial water service contractors, that
22 would result from projects described in the
23 record of decision; and

24 (B) all feasible water management actions
25 or projects that would improve water yield or



1 water supply and that, if taken or constructed,
2 would balance available water supplies and ex-
3 isting demand for those contractors and other
4 water users of the Bay Delta Watershed with
5 due recognition of water right priorities.

6 (3) FEASIBLE DEFINED.—For purposes of
7 paragraph (2), the term “feasible” means capable of
8 being accomplished in a reasonable period of time,
9 taking into account economic, environmental, social,
10 and technological factors and benefits.

11 (d) SUMMARY OF EXPENDITURES TO DATE.—The
12 Director of the Office of Management and Budget shall
13 submit to the Congress, by not later than March 1, 2002,
14 a report describing all Federal and State expenditures
15 made before such date under the CALFED program and
16 other Federal and State programs that may be com-
17 plementary to the CALFED program.

18 **SEC. 102. LONG-TERM GOVERNANCE AND MONITORING.**

19 (a) ESTABLISHMENT OF THE WATER SECURITY
20 BOARD.—

21 (1) IN GENERAL.—The Secretary shall cooper-
22 ate with the State of California to develop a proposal
23 to—

24 (A) establish an administrative entity, to
25 be known as the “Water Security Board”, for



1 managing CALFED program operations, the
2 restoration fund, and a competitive grant pro-
3 gram in accordance with section 105; and

4 (B) otherwise provide for the long-term im-
5 plementation of the CALFED program.

6 (2) DEVELOPMENT AND SUBMITTAL OF PRO-
7 POSAL.—For purposes of paragraph (1)—

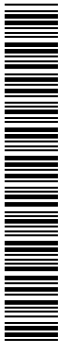
8 (A) the Federal agencies shall participate
9 with the State agencies and stakeholders to de-
10 velop a proposal in accordance with this section
11 to be authorized by the Congress and the Cali-
12 fornia Legislature before becoming effective;
13 and

14 (B) the Secretary shall submit the proposal
15 to the Congress and the California Legislature
16 by October 1, 2002.

17 (3) PUBLIC PARTICIPATION.—The Federal
18 agencies shall take steps that will encourage broad
19 public, tribal, and local government involvement in
20 developing the proposal.

21 (b) PROGRAM ELEMENTS.—The proposal submitted
22 by the Secretary under this section shall provide the fol-
23 lowing:

24 (1) Establishment of an administrative entity to
25 be authorized under Federal and California State



1 law which shall be known as the Water Security
2 Board.

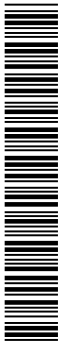
3 (2) The Water Security Board—

4 (A) shall direct and oversee the implemen-
5 tation of the CALFED program, the restora-
6 tion fund, and the competitive grant program
7 under section 105; and

8 (B) may adopt and modify program ele-
9 ments as necessary to achieve the purposes of
10 the CALFED program.

11 (3) The Water Security Board shall ensure that
12 all relevant Federal programs authorized under this
13 Act and other preexisting authorities, including pro-
14 grams authorized by the Central Valley Project Im-
15 provement Act (106 Stat. 4706 et seq.), coordinate
16 and integrate goalsetting, funding, and implementa-
17 tion with CALFED programs to ensure the most
18 biologically effective and cost-effective expenditure of
19 Federal funds and resources for CALFED program-
20 related activities.

21 (4) The Water Security Board shall manage
22 and allocate CALFED program funds to maintain
23 balanced progress among all CALFED program ele-
24 ments.



1 (5) The Water Security Board shall be com-
2 prised of representatives from each of the following
3 groups:

4 (A) The Federal agencies.

5 (B) The State agencies.

6 (C) Local governments and other inter-
7 ested persons.

8 (6) Each member of the Water Security Board
9 who is a representative of a Federal agency or State
10 agency shall be an official with a level of authority
11 that is at least as great as the lowest level of author-
12 ity of the Federal and State officials, respectively,
13 that signed the record of decision.

14 (7) Mechanisms for funding, by the Program
15 agencies, of activities under the proposal, including
16 for the ecosystem restoration program.

17 (c) PROMOTION OF PARTNERSHIPS.—The proposal
18 submitted by the Secretary under this section shall provide
19 the following:

20 (1) The Water Security Board shall seek out
21 and promote partnerships with local interests and
22 programs that seek to integrate various management
23 options so as to maximize the final resource benefits.

24 (2) The Water Security Board shall cooperate
25 and undertake joint activities with other persons, in-



1 including local public agencies, Indian tribes, private
2 water users, and landowners pursuant to the record
3 of decision. Such activities shall include, but not be
4 limited to, planning, design, technical assistance,
5 construction projects, and the development of an
6 independent peer review science program.

7 (d) MONITORING.—The proposal submitted by the
8 Secretary under this section shall provide that the Water
9 Security Board shall coordinate with the Program agen-
10 cies to—

11 (1) ensure that ecological monitoring data col-
12 lected for ecosystem restoration projects are inte-
13 grated, streamlined, compatible, and designed to
14 measure overall trends in ecosystem health in the
15 Bay-Delta watershed;

16 (2) provide integrated monitoring plans and
17 protocols to be used for gauging cost-effective per-
18 formance of projects; and

19 (3) ensure that the findings of such monitoring
20 are used to modify and adopt elements of the
21 CALFED program.

22 (e) OBJECTIVE REVIEW AND ANALYSIS.—The pro-
23 posal submitted by the Secretary under this section shall
24 provide that the Water Security Board shall ensure that—



1 (1) all aspects of the CALFED program com-
2 ponents, including the competitive grants program
3 under section 105, use credible and objective sci-
4 entific review and economic analysis;

5 (2) recommendations of the Water Security
6 Board are based on the best available scientific in-
7 formation; and

8 (3) a science review board and independent peer
9 review process for implementation of the proposal is
10 established, including independent review of biologi-
11 cal opinions.

12 (g) LAND PARTNERSHIPS AND ACQUISITIONS.—The
13 proposal submitted by the Secretary under this section
14 shall provide that—

15 (1) before obligating or expending Federal
16 funds to acquire land for the CALFED ecosystem
17 restoration program, the Water Security Board shall
18 first determine that existing Federal land is not
19 available for that purpose;

20 (2) in determining whether to acquire land for
21 the CALFED ecosystem restoration program, the
22 Water Security Board, through the Secretary,
23 shall—

24 (A) consider the cumulative impacts on the
25 local government and communities of transfer-



1 ring the property into government ownership;
2 and

3 (B) mitigate such impacts; and

4 (3) the Water Security Board shall partner with
5 landowners and local agencies to develop cooperating
6 landowner commitments that will meet coequal ob-
7 jectives of achieving local economic and social goals
8 and implementing the Ecosystem Restoration Pro-
9 gram goals.

10 (h) COMPLIANCE WITH STATE LAW.—The proposal
11 submitted by the Secretary under this section shall provide
12 that the Federal agencies and the Water Security Board
13 shall operate in compliance with California water law.

14 (i) CONTINUED CONSULTATION AND NEGOTIATION
15 REGARDING COST SHARING.—The Federal agencies shall
16 continue coordinated consultations and negotiations with
17 the State of California pursuant to the cost sharing agree-
18 ment required by section 78684.10 of California Senate
19 Bill 900, Chapter 135, Statutes of 1996, signed by the
20 Governor of California on July 11, 1996, and may enter
21 into an agreement with the State for that purpose.

22 (j) SATISFACTION OF SOLUTION PRINCIPLES.—The
23 Secretary shall ensure that the proposal submitted under
24 this section and other actions taken to implement the



1 record of decision satisfy the solution principles set forth
2 in section 1.3.2. of the record of decision.

3 (k) LIMITATION ON APPROPRIATIONS TO IMPLE-
4 MENT CALFED PROGRAM.—No amounts may be appro-
5 priated for any fiscal year after fiscal year 2004 to imple-
6 ment the CALFED Program, including under any other
7 provision of this title, and no amounts may be appro-
8 priated from the restoration fund after such fiscal year,
9 if there has not been enacted by the Congress a law au-
10 thorizing implementation of the proposal submitted by the
11 Secretary under this section.

12 **SEC. 103. CALIFORNIA WATER SUPPLY SECURITY.**

13 (a) WATER SYSTEM IMPROVEMENTS.—

14 (1) IN GENERAL.—The Federal agencies, acting
15 through the CALFED program, shall develop a bal-
16 anced and timely program to achieve for agricultural
17 and urban uses throughout the Bay-Delta solution
18 area—

19 (A) increased water supply and water
20 yield, improved water quality, and environ-
21 mental benefits; and

22 (B) improved water system reliability,
23 water use efficiency, watershed management,
24 water transfers, and levee protection.



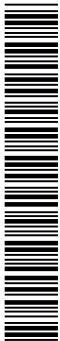
1 (2) DEVELOPMENT OF OPTIONS.—In developing
2 water yield and water supply options the Federal
3 agencies, in cooperation with the State agencies,
4 shall—

5 (A) consider all potential storage alter-
6 natives (including those identified in the study
7 under section 101(c)(1)); and

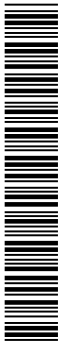
8 (B) utilize a cost/benefit analysis in con-
9 junction with environmental criteria to ensure
10 that proposals are selected that address envi-
11 ronmental issues and are economically viable.

12 (3) SELECTION OF PROJECTS.—In selecting
13 projects and programs for increasing water yield and
14 water supply, improving water quality, and enhanc-
15 ing environmental benefits, projects and programs
16 with multiple benefits shall be emphasized.

17 (4) WATER DELIVERIES.—In accordance with
18 the record of decision, the Secretary shall operate
19 the Central Valley Project in a manner that will in
20 a normal year make available to south-of-Delta Cen-
21 tral Valley Project agricultural water service con-
22 tractors at least 70 percent of their existing con-
23 tract. In years that are other than normal, the Cen-
24 tral Valley Project shall be operated to accomplish
25 water supply improvements to south-of-Delta Cen-



1 tral Valley Project agricultural water service con-
2 tractors that are comparable to the targeted normal-
3 year supply improvements. The increased supply for
4 south-of-Delta Central Valley Project agricultural
5 water service contractors pursuant to this subsection
6 shall be provided from existing Central Valley
7 Project facilities in a manner consistent with Cali-
8 fornia water laws without reducing deliveries to or
9 otherwise adversely affecting other water suppliers
10 and their water users that rely on water diverted
11 from or tributary to the Delta without degrading the
12 quality of water for municipal and industrial uses,
13 and in a manner that is consistent with the Bureau
14 of Reclamation's, municipal and industrial water
15 shortage policy. For purposes of application of this
16 section to the 2002 water year, the term "normal-
17 year" means a water year in which the Sacramento
18 Valley Index is within 5 percent of 7.8 million acre
19 feet as defined by the State Water Resource Control
20 Board Water Quality Control Plan 95-1WR. The
21 Secretary shall develop, in consultation with affected
22 interests, a definition of a "normal year" for use in
23 water years after the 2002 water year. The Sec-
24 retary shall also develop, by no later than July 1,
25 2002, and in consultation with affected interests, an



1 operations plan (with associated protocols) describ-
2 ing the manner in which the requirements of this
3 section will be achieved.

4 (5) BANKS PUMPING PLANT.—In accordance
5 with the record of decision, the Federal agencies
6 shall cooperate with the State of California to do the
7 following:

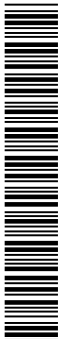
8 (A) Increase pumping limits at the Banks
9 Pumping Plant in accordance with the schedule
10 established in the record of decision, or earlier
11 if feasible.

12 (B) Manage the Environmental Water Ac-
13 count and the Ecosystem Restoration Program
14 to maximize the water supply benefits to be
15 provided by the increased pumping capability.

16 (C) Implement the other actions in section
17 2.2.6. of the record of decision.

18 (b) ENVIRONMENTAL WATER MANAGEMENT.—

19 (1) MANAGEMENT OF ENVIRONMENTAL WATER
20 ACCOUNT.—The Federal agencies, in cooperation
21 with the State agencies, shall manage the Environ-
22 mental Water Account and the Ecosystem Restora-
23 tion Program under the record of decision as part
24 of a comprehensive plan to provide assurances that
25 actions taken to protect species listed under section



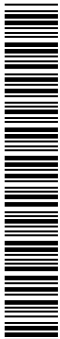
1 4(c) of the Endangered Species Act of 1973 (16
2 U.S.C. 1533(c)), pursuant to biological opinions and
3 incidental take permits under that Act, will be car-
4 ried out in a manner that—

5 (A) avoids redirected impacts and water
6 supply and water quality impacts to the Central
7 Valley Project and the State Water Project; and

8 (B) avoids adverse effects on the water
9 right holders in the Bay-Delta solution area, by
10 not imposing any direct costs or indirect costs
11 on the water users in the Bay-Delta solution
12 area.

13 (2) ENVIRONMENTAL WATER ACCOUNT PRIOR-
14 ITIES AND OPERATION.—(A) The Secretary shall
15 give first priority, in the allocation and use of Envi-
16 ronmental Water Account and the Ecosystem Res-
17 toration Program assets actually obtained or devel-
18 oped, to meeting the water supply assurances set
19 forth in paragraph (1).

20 (B) If, by December 31 of any year, the Envi-
21 ronmental Water Account Tier 2 assets (as that
22 term is used in section 2.2.7 of the record of deci-
23 sion) water purchase targets, or their functional
24 equivalents, have not been met, the Federal agencies
25 shall continue their efforts to meet such water pur-



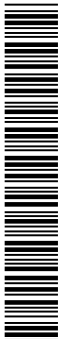
1 chase targets and shall make use of the available
2 Environmental Water Account assets to avoid jeop-
3 ardizing the continued existence of any species listed
4 under section 4(c) of the Endangered Species Act of
5 1973 (16 U.S.C. 1533(c)) in a manner consistent
6 with minimizing water supply and water quality im-
7 pacts.

8 (C) If the efforts to meet such water purchase
9 targets are unsuccessful, the maximum responsibility
10 of water service contractors of the State Water
11 Project and the Central Valley Project to provide
12 water for Environmental Water Account Tier 2 asset
13 purposes shall be the difference between the Envi-
14 ronmental Water Account purchase targets estab-
15 lished in section 2.2.7 of the record of decision and
16 the amount of water actually acquired.

17 **SEC. 104. IMPLEMENTATION OF THE CALFED PROGRAM.**

18 (a) IN GENERAL.—The Secretary and the Federal
19 agencies shall, subject to approvals and the availability of
20 appropriations under this Act, and consistent with the re-
21 port submitted to the Congress under 107(a), carry out
22 all actions necessary to implement the CALFED program.

23 (b) BALANCED REGULATORY IMPLEMENTATION.—
24 The Secretary and the Federal agencies, in carrying out



1 their regulatory responsibilities under any Federal law,
2 shall not—

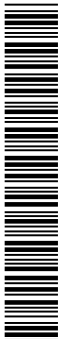
3 (1) treat one CALFED program element as an
4 alternative to another CALFED program element;
5 or

6 (2) consider, as an alternative to one element of
7 the CALFED program, implementation of any other
8 element of the CALFED program beyond the levels
9 described in the record of decision.

10 (c) REGULATORY COORDINATION.—The Secretary,
11 working with the Governor of the State of California,
12 shall, on or before January 1, 2003, develop a regulatory
13 coordination and streamlining process for the issuance of
14 permits and approvals required under State and Federal
15 law for projects under the CALFED program, to ensure
16 that all Federal agencies' and State agencies' respective
17 regulatory programs will be coordinated in a manner that
18 reduces or eliminates duplicative processes or decision-
19 making, thereby reducing costs and time that would other-
20 wise be required.

21 (d) PROGRAM AGENCIES DISCRETION.—This Act
22 shall not affect the discretion of any of the Program agen-
23 cies or the authority granted to any of the Program agen-
24 cies by any other Federal or State law.

25 (e) AUTHORIZATION OF APPROPRIATIONS.—



1 (1) IN GENERAL.—In addition to the other
2 amounts authorized by this Act, there are authorized
3 to be appropriated for activities that implement the
4 CALFED program—

5 (A) for each of fiscal years 2002 through
6 2007—

7 (i) \$100,000,000; and

8 (ii) such sums as may be necessary
9 for construction; and

10 (B) for each of fiscal years 2008 through
11 2032 such sums as may be necessary for bal-
12 anced completion of Stage 1 of the CALFED
13 program and balanced implementation of subse-
14 quent stages of the CALFED program.

15 (2) CONTINUING AVAILABILITY.—Funds appro-
16 priated pursuant to this subsection may remain
17 available until expended.

18 **SEC. 105. COMPETITIVE GRANT PROGRAM.**

19 (a) GENERAL AUTHORITY.—The Water Security
20 Board shall undertake a competitive grant program to—

21 (1) investigate and identify opportunities for
22 the design and construction of demonstration and
23 permanent facilities, or the implementation of other
24 programs, to—

25 (A) increase water yield and water supply;



1 (B) maintain existing water supply;
2 (C) improve water quality; or
3 (D) improve water use efficiency and water
4 conservation;

5 (2) carry out design and construction of facili-
6 ties and implement other programs identified pursu-
7 ant to paragraph (1);

8 (3) conduct research, including desalination and
9 other new and innovative techniques and techniques
10 for water treatment, regarding the reclamation of
11 wastewater and impaired ground and surface waters;
12 and

13 (4) encourage watershed management actions
14 to increase water quality, water yield, water supply,
15 and groundwater recharge and storage.

16 (b) LIMITED TO STATE OF CALIFORNIA.—Grants
17 under the program may only be made for projects carried
18 out in the State of California.

19 (c) EVALUATION CRITERIA.—In determining what
20 projects described in subsection (a) are eligible for funding
21 under this section, the Water Security Board, to the max-
22 imum extent possible, shall consider the following criteria:

23 (1) Whether a project—

24 (A) increases water yield and water supply;



1 (B) reduces or stabilizes demand on exist-
2 ing Federal and State water supply facilities; or

3 (C) increases the availability of locally and
4 regionally developed water supplies.

5 (2) Whether a project improves water quality in
6 a manner that results in continuous, measurable,
7 and significant water quality benefits for uses
8 throughout the Bay-Delta solution area, except that
9 any project the primary purpose of which is the
10 project sponsor's compliance with the Federal Water
11 Pollution Control Act shall not be considered as im-
12 proving water quality for purposes of this para-
13 graph.

14 (3) Whether a project—

15 (A) serves a small, rural, or economically
16 disadvantaged community or Indian tribes;

17 (B) shows economic benefits; and

18 (C) is cost-effective.

19 (4) Whether a project restores or enhances
20 habitats, including those affected by or affecting
21 project operation, or provides water for, or otherwise
22 protects, Federal or State listed threatened or en-
23 dangered species, or facilitates consensus-based envi-
24 ronmental restoration programs.



1 (5) Whether a project helps meet existing legal
2 and contractual water supply obligations, including
3 Indian trust responsibilities, water rights settle-
4 ments, regional water quality control and depart-
5 ment of health requirements, Federal and State en-
6 vironmental laws, the Federal Water Pollution Con-
7 trol Act, or other obligations.

8 (6) Whether a project promotes and applies a
9 regional or watershed perspective to water resource
10 management or cross-boundary issues, implements
11 an integrated resources management approach, in-
12 creases water management flexibility, or forms a
13 partnership with other entities.

14 (7) Whether a project improves health and safe-
15 ty of the general public.

16 (8) Whether a project provides benefits outside
17 the region in which the project occurs.

18 (9) Whether a project provides benefits to the
19 agricultural community.

20 (d) CONSTRUCTION GRANTS.—No grant may be
21 made under this section for the construction of any project
22 until after—

23 (1) an appraisal investigation and a feasibility
24 study have been completed;



1 (2) the Water Security Board has determined
2 that the non-Federal project sponsor is financially
3 capable of funding the non-Federal share of the
4 project's costs; and

5 (3) the Water Security Board has approved a
6 cost-sharing agreement with the non-Federal project
7 sponsor that commits the non-Federal project spon-
8 sor to funding its share of the project's construction
9 costs on an annual basis, and ongoing operations
10 and maintenance.

11 (e) COST SHARING.—Notwithstanding any other pro-
12 vision of this Act, a grant under this section shall not ex-
13 ceed the lesser of \$50,000,000 (June 2000 prices) or 35
14 percent of the total cost of the project.

15 (f) AUTHORIZATION OF APPROPRIATIONS.—For
16 grants under this section, there are authorized to be
17 appropriated—

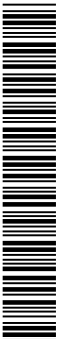
18 (1) \$50,000,000 for fiscal year 2002; and

19 (2) \$328,000,000 for each fiscal year there-
20 after.

21 **SEC. 106. REQUIREMENT OF SPECIFIC CONGRESSIONAL**
22 **AUTHORIZATION FOR PROJECTS.**

23 (a) IN GENERAL.—

24 (1) IN GENERAL.—No amounts may be appro-
25 priated for any fiscal year after fiscal year 2002 for

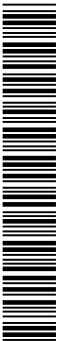


1 any project under the CALFED program (including
2 any project for increasing water supply or water
3 yield or any component of the Ecosystem Restora-
4 tion Program), or any project funded with amounts
5 in the restoration fund, unless the project has been
6 specifically included in a report that is approved by
7 the congressional authorizing committees in accord-
8 ance with this section.

9 (2) PRECONSTRUCTION ACTIVITIES.—Notwith-
10 standing paragraph (1), amounts authorized under
11 section 104 may be appropriated for preconstruction
12 activities including those activities required under
13 subsection (b)(2) of this section for a project, prior
14 to that project being included in a report submitted
15 and approved in accordance with this section.

16 (b) SUBMISSION OF FUNDING REPORTS.—

17 (1) IN GENERAL.—The Water Security Board,
18 acting through the Secretary and in cooperation with
19 the State of California, shall submit to the congres-
20 sional authorizing committees with annual reports
21 under section 107(a) a separate report containing
22 recommendations for Federal funding for construc-
23 tion of projects, including projects for funding with
24 grants under section 105.



1 (2) CONTENTS, GENERALLY.—For each project
2 recommended under paragraph (1), the annual re-
3 port shall include—

4 (A) a project description;

5 (B) feasibility and operational studies;

6 (C) required environmental documentation;

7 (D) a finding of consistency with the
8 record of decision;

9 (E) a cost-benefit analysis;

10 (F) identification of project benefits and
11 beneficiaries;

12 (G) identification of adverse impacts, if
13 any, to agricultural, municipal, industrial, or
14 other water users;

15 (H) a cost and benefit allocation plan;

16 (I) financing and repayment plan; and

17 (J) in the case of a project proposed to be
18 funded with a grant under section 105, a cer-
19 tification that an agreement in accordance with
20 section 105(d)(3) has been signed and the
21 Water Security Board has determined that the
22 non-Federal project sponsor is financially capa-
23 ble of funding the project's non-Federal share
24 of the project's costs, and ongoing operations
25 and maintenance.



1 (3) PROJECTS REQUIRED TO BE INCLUDED.—

2 The Water Security Board, through the Secretary,
3 shall include in reports under this subsection rec-
4 ommendations with respect to construction of each
5 of the following projects, as identified in the record
6 of decision, by the dates indicated:

7 (A) Expand storage in Shasta Lake; by
8 January 1, 2004.

9 (B) In-Delta storage; by January 1, 2002.

10 (C) Enlarged Los Vaqueros Reservoir; by
11 January 1, 2004.

12 (D) Sites Reservoir; by January 2005.

13 (E) San Joaquin River Storage; by Janu-
14 ary 2005.

15 (F) San Luis Bypass; by January 2004.

16 (c) CONGRESSIONAL APPROVAL.—

17 (1) IN GENERAL.—The congressional author-
18 izing committees shall consider and approve or dis-
19 approve each report under subsection (b).

20 (2) CHANGES.—The congressional authorizing
21 committees may add to or strike from such a report
22 specific projects.

23 (3) REPORTS DEEMED APPROVED.—A report
24 under subsection (b) shall be considered approved by
25 a congressional authorizing committee unless dis-



1 approved by the congressional authorizing committee
2 within 60 days after the date of submittal of the re-
3 port.

4 **SEC. 107. ANNUAL REPORTS.**

5 (a) ANNUAL WATER REPORT BY WATER SECURITY
6 BOARD.—Not later than February 1 of each year, the
7 Water Security Board, through the Secretary, shall submit
8 to the Congress an annual report that includes the fol-
9 lowing:

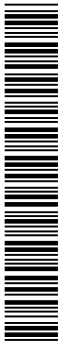
10 (1) FEDERAL FUNDING.—An accounting of all
11 Federal funds received (or to be received) by the
12 Water Security Board, including—

13 (A) a description of all projects and activi-
14 ties carried out with such funds;

15 (B) amounts received by the State that
16 have not yet been expended by the State; and

17 (C) cost allocation and any applicable re-
18 payment capacity findings for new projects.

19 (2) ASSESSMENT OF ACHIEVEMENTS.—A de-
20 scription and assessment of expenditures and
21 achievements of the CALFED program and the
22 competitive grant program under section 105 in the
23 current fiscal year, including accomplishments in
24 achieving—



1 (A) increased water yield and water sup-
2 ply;

3 (B) improved water quality, including
4 measures taken to reduce salinity;

5 (C) enhanced environmental benefits, in-
6 cluding ecosystem restoration;

7 (D) improved water system reliability,
8 water use efficiency, watershed management,
9 water transfers, and levee protection; and

10 (E) benefits in all geographic regions cov-
11 ered within the Bay-Delta solution area.

12 (3) PERFORMANCE MEASURES.—A clear state-
13 ment of goals to achieve, under the CALFED
14 program—

15 (A) increased water supply;

16 (B) improved water quality;

17 (C) enhanced environmental benefits; and

18 (D) improved water system reliability,
19 water use efficiency, watershed management,
20 water transfers, and levee protection.

21 (b) ANNUAL BUDGET CROSSCUT REPORT.—Not
22 later than February 1 of each year, the Director of the
23 Office of Management and Budget shall submit to the
24 Congress an interagency budget crosscut report that de-
25 scribes in detail—



1 (1) all proposed and planned Federal expendi-
2 tures in the next fiscal year on ecosystem restoration
3 and other purposes in the Bay-Delta solution area;
4 and

5 (2) all proposed and planned State of California
6 and Federal expenditures in the next fiscal year to
7 achieve the objectives identified within the CALFED
8 record of decision.

9 **SEC. 108. TREATMENT OF FUNDS.**

10 Funds authorized to be appropriated by this title to
11 those Federal agencies that are currently or subsequently
12 become participants in the CALFED program shall be in
13 addition to the baseline funding levels established for cur-
14 rently authorized projects and programs under the Central
15 Valley Project Improvement Act (title XXXIV of Public
16 Law 102-575) and other currently authorized Federal
17 programs for the purposes of Bay-Delta ecosystem protec-
18 tion and restoration and water system and water quality
19 improvement.

20 **SEC. 109. LAND ACQUISITION; MANAGEMENT PLAN RE-**
21 **QUIRED FOR EXISTING LANDS.**

22 The Federal agencies may not, for purposes of imple-
23 menting the record of decision, acquire any additional
24 lands for ecosystem restoration unless such agencies,
25 through the Secretary and by not later than January 1,



1 2003, develop a management plan for all lands acquired
2 by such agencies under such structure before the date of
3 the enactment of this Act.

4 **TITLE II—SMALL RECLAMATION**
5 **PROJECTS**

6 **SEC. 201. SHORT TITLE; REFERENCES.**

7 (a) SHORT TITLE.—This title may be cited as the
8 “Small Reclamation Water Resources Project Act of
9 2001”.

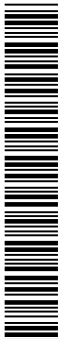
10 (b) REFERENCES.—Except as otherwise expressly
11 provided, whenever in this title an amendment or repeal
12 is expressed in terms of an amendment to, or repeal of,
13 a section or other provision, the reference shall be consid-
14 ered to be made to a section or other provision of the
15 Small Reclamation Projects Act of 1956 (43422 et seq.).

16 **SEC. 202. AMENDMENTS TO THE SMALL RECLAMATION**
17 **PROJECTS ACT OF 1956.**

18 (a) PURPOSE.—The first section (43 U.S.C. 422a) is
19 amended—

20 (1) by striking “under the” and inserting
21 “under this Act and other”; and

22 (2) by adding the following at the end: “Such
23 projects may include, but shall not be limited to, ir-
24 rigation projects. Irrigation shall not be a required
25 purpose for projects receiving assistance under this



1 Act. In providing assistance, the Secretary shall give
2 priority to recommended proposals that are related
3 to a project that is otherwise authorized under the
4 Federal reclamation laws and that will benefit from
5 assistance under this Act.”.

6 (b) DEFINITIONS.—Section 2 (43 U.S.C. 422b) is
7 amended—

8 (1) in paragraph (c), by striking “a State” and
9 inserting “an Indian Tribe, a State”;

10 (2) by striking paragraph (d) and inserting the
11 following:

12 “(d) The term ‘project’ means any of the following:

13 “(1) A multipurpose water resource develop-
14 ment carried out by a non-Federal organization in-
15 volving significant conservation of water, energy, and
16 the environment.

17 “(2) The rehabilitation, betterment, or retrofit
18 of any existing Federal or non-Federal water infra-
19 structure for purposes of complying with law and
20 regulations.

21 “(3) An activity described in paragraph (1) or
22 (2) that—

23 “(A) is carried out by a non-Federal orga-
24 nization under the Federal reclamation laws in
25 one or more of the 17 western reclamation



1 States, Hawaii, Alaska, the Commonwealth of
2 Puerto Rico, Guam, American Samoa, the Com-
3 monwealth of the Northern Mariana Islands,
4 the Virgin Islands, and the Trust Territory of
5 the Pacific Islands; and

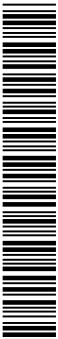
6 “(B) in the case of an activity proposed for
7 any project that is authorized under the rec-
8 lamation laws immediately before the enactment
9 of the Small Reclamation Water Resources
10 Project Act of 2001, is determined by the Sec-
11 retary to be consistent with the purposes of
12 that project before that date of enactment.”;
13 and

14 (3) by striking paragraph (f) and inserting the
15 following:

16 “(f) The term ‘water quality improvements’ means
17 operational measures and physical features associated
18 with—

19 “(1) the reclamation and reuse of irrigation
20 drainage or municipal and industrial return flows,
21 including wastewater flows; or

22 “(2) the reclamation, or control, of brackish,
23 toxic, or impaired waters for beneficial reuse or pro-
24 tection of other related water, land, or environmental
25 resources.”.



1 (c) MODIFICATION OF LOAN AND GRANT PRO-
2 GRAMS.—The Small Reclamation Projects Act of 1956 is
3 amended—

4 (1) by striking sections 3 through 8 (43 U.S.C.
5 422c–422h); and

6 (2) by inserting after section 2 (43 U.S.C.
7 422b) the following:

8 **“TITLE I—STATE AND LOCAL**
9 **PARTICIPATION IN RECLAMA-**
10 **TION PROJECTS**

11 **“SEC. 101. LOAN, GRANT, AND LOAN GUARANTEE PRO-**
12 **GRAM.**

13 “There is hereby established a program within the
14 Bureau of Reclamation, under which the Secretary may
15 make loans, grants, and loan guarantees to any organiza-
16 tion to carry out a project.

17 **“SEC. 102. PROPOSAL CONTENTS AND REQUIREMENTS.**

18 “(a) IN GENERAL.—Any organization seeking assist-
19 ance under this title shall submit a proposal to the Sec-
20 retary in such form and manner as the Secretary may pre-
21 scribe. Any proposal for a project submitted under this
22 title shall set forth a plan and estimated cost in detail
23 comparable to those included in preauthorization reports
24 required for a project under the Federal reclamation laws.



1 “(b) LANDS AND WATERS.—Each proposal sub-
2 mitted under this title shall include a statement of finan-
3 cial capability and legal authority, and a resolution from
4 the governing board of the organization showing that the
5 organization seeking assistance—

6 “(1) holds or can acquire all lands and interests
7 in land (except public and other lands and interest
8 in land owned by the United States that are within
9 the administrative jurisdiction of the Secretary and
10 subject to disposition by the Secretary) to complete
11 the project;

12 “(2) holds or can acquire all rights, pursuant to
13 applicable State law, to the use of water necessary
14 for the successful construction, operation, and main-
15 tenance of the project;

16 “(3) is willing to finance, and capable of financ-
17 ing, the non-Federal portion of the costs of the
18 project, including all costs of acquiring lands, inter-
19 ests in land, and rights to the use of water, except
20 as provided in section 105(b)(2); and

21 “(4) has the legal authority and responsibility
22 under State law to carry out the project.



1 **“SEC. 103. FEDERAL SHARE AND PROJECT SPONSOR SHARE**
2 **OF COSTS.**

3 “(a) IN GENERAL.—The Secretary shall require each
4 organization receiving assistance under this title to con-
5 tribute toward the cost of the project (other than by loan
6 or grant of Federal funds) not less than 25 percent of
7 the costs of the project. The Secretary shall credit toward
8 the non-Federal cost share that amount—

9 “(1) the costs paid by the organization for in-
10 vestigations, surveys, engineering, administration,
11 and other services necessary for the preparation of
12 proposals and plans for the proposed project that
13 are required by the Secretary;

14 “(2) the value of lands, rights-of-way, and
15 water rights acquisition required for the proposed
16 project that are provided by the organization;

17 “(3) amounts spent by the organization for con-
18 struction or acquisition of facilities for the proposed
19 project prior to project approval; and

20 “(4) the fee required by section 403.

21 “(b) PREVENTION OF LOSS AND DAMAGE TO FISH
22 AND WILDLIFE.—The costs of measures to prevent loss
23 of, and damage to, existing fish and wildlife resources as
24 the result of a project for which assistance is provided
25 under this title shall be considered project costs and, for



1 purposes of reimbursement, shall be allocated as may be
2 appropriate among project functions.

3 “(c) MAXIMUM ALLOWABLE FEDERAL SHARE.—The
4 maximum allowable Federal share per project shall be
5 \$50,000,000 (January 2001 dollars).

6 “(d) INCREASE IN AMOUNT.—To compensate for in-
7 creases in construction costs due to price escalation, and
8 subject to subsection (c), the Secretary may increase the
9 amount of a loan or grant, or both, under this title for
10 a project at any time prior to the completion of construc-
11 tion of the project, using the Bureau of Reclamation’s
12 composite construction cost trends index.

13 **“SEC. 104. APPROVAL OR DISAPPROVAL OF PROJECTS.**

14 “(a) IN GENERAL.—The Secretary shall determine
15 whether a proposal under this title is financially feasible
16 and constitutes a reasonable risk, and either approve or
17 disapprove the proposal, by not later than the later of—

18 “(1) one year after the date the proposal is sub-
19 mitted to the Secretary; or

20 “(2) the date of the completion of the appro-
21 priate documentation under the National Environ-
22 mental Policy Act of 1969 (42 U.S.C. 4321).

23 “(b) TRANSMITTAL TO CONGRESS.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
25 the Secretary shall promptly transmit any approved



1 proposals to the Congress with a brief statement of
2 the project purposes and funding requirements.

3 “(2) COMPLETION OF DOCUMENTATION.—The
4 documentation required under the National Environ-
5 mental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
6 for a proposed project must be completed before the
7 Secretary transmits the proposal to the Congress.

8 **“SEC. 105. CONTRACT TERMS AND CONDITIONS.**

9 “(a) IN GENERAL.—Upon approval of any project
10 proposal submitted under this title by an organization, the
11 Secretary shall negotiate with the organization a contract
12 establishing the terms under which assistance shall be pro-
13 vided under this title.

14 “(b) CONTRACT TERMS.—The contract shall include
15 the following:

16 “(1) The maximum amount of any grant, which
17 shall not exceed 50 percent of the maximum allow-
18 able Federal share of the costs of the project under
19 section 103.

20 “(2) The time and method of making any grant
21 or loan available to the organization.

22 “(3) Such terms and conditions as the Sec-
23 retary considers necessary or proper to provide as-
24 surance of, and security for, prompt repayment of



1 any loan and to ensure achievement of the purposes
2 for which the loan was made.

3 “(4) A plan for repayment by the organization
4 of any loan within 25 years, except that the organi-
5 zation shall have the right to prepay the loan or any
6 component thereof without penalty.

7 “(5) For any loan, payment of interest at a
8 rate established by the Secretary of the Treasury at
9 the beginning of the fiscal year in which the contract
10 is executed, that shall be based on the average mar-
11 ket yield on outstanding marketable obligations of
12 the United States with periods of maturity com-
13 parable to the applicable repayment period of the
14 loan.

15 “(c) LOANS PROJECTS BY INDIAN TRIBES.—

16 “(1) IN GENERAL.—For any project undertaken
17 by an Indian tribe with assistance under this title,
18 the Secretary shall—

19 “(A) determine, based on the findings in
20 the proposal under section 102, the reimburs-
21 able and nonreimbursable costs for the project
22 constructed under this Act;

23 “(B) apportion those costs in accordance
24 with the benefits received; and



1 “(C) allocate the reimbursable costs to the
2 project beneficiaries.

3 “(2) LEAVITT ACT.—The Act of July 1, 1932
4 (chapter 369; 25 U.S.C. 386a), popularly known as
5 the ‘Leavitt Act’, shall not apply to loans made
6 under this Act.

7 **“TITLE II—PARTNERSHIP**
8 **PROGRAM**

9 **“SEC. 201. ESTABLISHMENT OF PARTNERSHIP PROGRAM.**

10 “(a) PROGRAM.—There is hereby established within
11 the Bureau of Reclamation a small grant and loan pro-
12 gram to be known as the Small Reclamation Water Re-
13 sources Management Partnership Program, to be carried
14 out under this title. The purpose of this program shall
15 be to implement projects that can be performed—

16 “(1) by the recipient organization’s workforce
17 or contractors,

18 “(2) with streamlined documentation, and

19 “(3) in a period of 18 months or less.

20 “(b) GRANTS.—Grants under this title shall not ex-
21 ceed \$5,000,000 for any one project under such program.
22 The Secretary shall require the recipient organization to
23 provide matching funds in an amount equal to 50 percent
24 of the amount of the grant.



1 “(c) LOANS.—Loans under this title shall not exceed
2 \$5,000,000 per project, and shall be subject to cost shar-
3 ing in the same manner as provided in title I. The contract
4 for each loan under this title shall require payment of in-
5 terest at a rate established by the Secretary of the Treas-
6 ury in the same manner as provided in section 105(b)(5)
7 for loans under title II.

8 **“SEC. 202. REPAYMENT OF LOANS.**

9 “Each loan made under this title shall be repaid with-
10 in the 5-year period beginning on the date the Secretary
11 certifies that work to be carried out with the loan is com-
12 pleted.

13 **“SEC. 203. ELIGIBLE ACTIVITIES.**

14 “(a) IN GENERAL.—The following types of activities
15 shall be eligible for grants or loans under this title:

16 “(1) Water conservation.

17 “(2) Water quality improvement projects.

18 “(3) Water management for urban landscapes.

19 “(4) Drought assistance.

20 “(5) Fish and wildlife improvements.

21 “(6) Public safety improvements.

22 “(7) Water supply, including water production,
23 conveyance, conservation, and management.

24 “(b) ADDITIONAL ACTIVITIES.—The Secretary may
25 add to the list of eligible activities under subsection (a)



1 as the Secretary considers appropriate, except that any
2 such addition shall not take effect until 60 days after the
3 Secretary publishes a notice of the proposed addition in
4 the Federal Register, and has notified the Committee on
5 Resources of the House of Representatives and the Com-
6 mittee on Energy and Natural Resources of the Senate
7 in writing of the proposed addition and the reasons there-
8 fore.

9 **“SEC. 204. APPLICATION PROCESS.**

10 “(a) NOTICE OF INTENT.—Each organization seek-
11 ing a grant or loan under this title shall submit a notice
12 of intent to the Secretary by April 1 of each year outlining
13 the proposed project and the public benefits thereof. With-
14 in two months, the Secretary shall provide a written re-
15 sponse to the organization, expressing either the Bureau
16 of Reclamation’s interest or disinterest in participating in
17 the project.

18 “(b) APPLICATION.—30 days after receipt of a re-
19 sponse under subsection (a) expressing the Bureau of Rec-
20 lamation’s interest in participating in a project, the orga-
21 nization may submit to the Secretary an appropriate loan
22 or grant application, giving details of the project and the
23 anticipated public benefits.



1 “(c) CONTENTS.—The application for any project
2 proposal under this title shall include each of the fol-
3 lowing:

4 “(1) A resolution by the board of directors of
5 the organization stating—

6 “(A) the total estimated project cost;

7 “(B) the amount of the grant or loan re-
8 quested;

9 “(C) the amount of the non-Federal con-
10 tribution for any grant;

11 “(D) the organization’s ability to finance
12 and construct the project; and

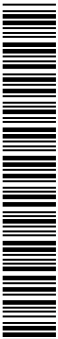
13 “(E) the project objectives.

14 “(2) A summary of the proposal.

15 “(3) A brief description of the anticipated ef-
16 fects of the project on the environment.

17 “(4) Evidence that the organization has all
18 lands and water rights needed for the project, or can
19 obtain them and has legal authority and responsi-
20 bility under, State law to carry out the proposed
21 project.

22 “(5) A project plan, including a general map
23 showing the location of proposed physical features,
24 conceptual engineering drawings of major and typ-
25 ical structures, and general standards for design.



1 “(6) A construction schedule, with dates and a
2 schedule of funding requirements under this title, in
3 sufficient detail to provide an analysis of the pro-
4 posed construction program.

5 “(7) A description of the proposed Federal
6 funding for the project and of the non-Federal fund-
7 ing for the project.

8 “(d) COSTS.—The cost of any investigations and
9 preparation of any environmental documentation for a
10 project carried out with assistance under this title shall
11 be borne by the project applicant, and shall be credited
12 against the non-Federal cost share.

13 “(e) ANNUAL LISTING.—The Secretary shall include
14 in the annual budget justification for the Bureau of Rec-
15 lamation, a listing of the activities and total funding re-
16 quired for work committed to under this title.

17 **“SEC. 205. TERMS AND CONDITIONS OF PROJECT WORK.**

18 “The Secretary shall examine each project proposal
19 submitted under this title to determine if the project can
20 reasonably be expected to accomplish its purpose, and ap-
21 prove or disapprove such proposal by September 1 of the
22 year in which the application for assistance under this title
23 is submitted. If the Secretary approves the proposal, and
24 subject to the availability of appropriations, the Secretary



1 shall provide funding within 60 days after such approval
2 for work scheduled for the next fiscal year.

3 **“SEC. 206. LIMITATION ON PROJECT PROPOSALS.**

4 “Only one proposal may be submitted under this title
5 by an applicant in any 5-year period.

6 **“TITLE III—LOAN GUARANTEES**

7 **“SEC. 301. ESTABLISHMENT OF LOAN GUARANTEE PRO-**
8 **GRAM.**

9 “There is hereby established within the Bureau of
10 Reclamation a demonstration program to guarantee loans
11 for projects receiving, or eligible to receive, loans or grants
12 under title I or II of this Act.

13 **“SEC. 302. PROGRAM REQUIREMENTS.**

14 “(a) IN GENERAL.—The Secretary may provide sup-
15 port under the demonstration program to organizations
16 through the provision of loan guarantees for the purposes
17 for which assistance is authorized under titles I and II,
18 under such terms and conditions as are specified in this
19 section. Any proposal for a project submitted under this
20 title shall set forth a plan and estimated costs, in detail,
21 comparable to those required to be included in
22 preauthorization reports required for a project under the
23 Federal reclamation laws.

24 “(b) SELECTION OF RECIPIENTS.—The Secretary
25 shall adopt and use competitive procedures in the selection



1 of organizations to receive loan guarantees under this sec-
2 tion. In selecting any organization to receive a loan guar-
3 antee under this section, the Secretary shall consider, at
4 a minimum, the following:

5 “(1) The extent to which the loan guarantee
6 would support new water supplies or more efficient
7 use of existing supplies.

8 “(2) The repayment period of the guaranteed
9 loan.

10 “(3) The extent to which the loan guarantee
11 would provide for a project of wide public purpose.

12 “(4) Whether the loan guarantee would help the
13 organization comply with a Federal or State environ-
14 mental statute or regulation.

15 “(5) The extent to which the loan guarantee
16 would enable the organization to meet the needs of
17 other local water purveyors.

18 “(6) The extent to which the guaranteed loan
19 would support a program that would supplement,
20 rather than duplicate, other available water resource
21 programs.

22 “(7) The fiscal impact of the loan guarantee
23 program as a whole on other Bureau of Reclamation
24 programs.



1 “(c) APPORTIONMENT.—The total amount made
2 available to the Secretary for a fiscal year to cover the
3 costs of loan guarantees under this section shall be divided
4 between projects receiving or eligible to receive loans
5 under titles I and II, with title I projects receiving 75 per-
6 cent and title II projects receiving 25 percent.

7 “(d) MAXIMUM.—The maximum amount of a loan
8 guaranteed under this section may not exceed 75 percent
9 of the total cost of the project carried out with the loan.

10 “(e) LIMITATION ON USE OF LOAN.—No loan guar-
11 anteed under this title shall be used to cover the organiza-
12 tion’s local cost share for any project assisted under this
13 Act.

14 “(f) REPORTING.—Reporting and documentation re-
15 quirements under titles I and II shall similarly apply to
16 loan guarantees under this title.

17 “(g) STATE LAW.—For purposes of this Act, when
18 any bonds are issued by an organization to help finance
19 a project for which the organization is also receiving a loan
20 guarantee under this section, such bonds shall not be
21 treated as affecting the tax-exempt status of such bonds
22 under applicable State law.

23 “(h) FULL FAITH AND CREDIT.—Any loan guarantee
24 issued pursuant to this section shall constitute an obliga-
25 tion, in accordance with the terms of such guarantee, of



1 the United States Government, and the full faith and cred-
2 it of the United States is hereby pledged to the full per-
3 formance of the obligations.

4 “(i) REPORT.—At the end of the third fiscal year
5 after the enactment of this subsection, the Secretary shall
6 submit a report to the Congress on the beneficial use and
7 suggested improvements for use of loan guarantees under
8 this title as a mechanism for project construction.

9 **“SEC. 303. SUNSET.**

10 “No loan guarantee may be issued under this title
11 in any fiscal year after the expiration of 10 full fiscal years
12 after initial funding of projects under the amendments
13 made by the Small Reclamation Water Resources Project
14 Act of 2001.

15 **“TITLE IV—GENERAL**
16 **PROVISIONS**

17 **“SEC. 401. PROPOSAL FEE.**

18 “The Secretary shall assess and collect a fee to defray
19 the cost of examining each proposal for a loan, grant, or
20 loan guarantee under this Act. The amount of the fee shall
21 be equal to \$5,000 or $\frac{1}{10}$ of 1 percent of the Federal share
22 of the costs of the proposed project, whichever is greater.
23 The Secretary shall require that 50 percent of the fee shall
24 accompany the application and the remainder shall be due
25 only upon approval of the project by the Secretary.



1 **“SEC. 402. MISCELLANEOUS PROVISIONS.**

2 “(a) TITLE.—Title to all project works and facilities
3 constructed with assistance under this Act shall remain
4 in the name of the organization.

5 “(b) COMBINED LOANS, GRANTS, AND LOAN GUAR-
6 ANTEES.—A project sponsor shall be eligible for a loan,
7 grant, loan guarantee, or combination thereof for a project
8 proposal under this Act. An applicant may submit one pro-
9 posal to be carried out with assistance under more than
10 one title under this Act. No organization shall be eligible
11 for an additional loan, grant, loan guarantee, or any com-
12 bination thereof for the same project that has previously
13 received approval for a loan, grant, or loan guarantee
14 under this Act within the prior five fiscal years.

15 “(c) PLANNING, CONSTRUCTION, OPERATION, AND
16 MAINTENANCE.—The United States shall not be required
17 to provide planning, construction, operation, and mainte-
18 nance of any project receiving a loan, grant or loan guar-
19 antee under this Act.

20 “(d) STATE WATER LAW.—Any project assisted
21 under this Act shall be carried out in accordance with ap-
22 plicable State water law.”.

23 (d) CONFORMING AMENDMENTS.—

24 (1) Sections 9 through 13 of the Small Rec-
25 lamation Projects Act of 1956 (43 U.S.C. 422i—



1 422k-1) are redesignated as sections 403 through
2 407, respectively.

3 (2) Section 404 of such Act, as redesignated by
4 paragraph (1) of this subsection, is amended as fol-
5 lows:

6 (A) By striking “section 3” and inserting
7 “title I”.

8 (B) By striking “effective October 1,
9 1986.” and inserting “for any fiscal year”.

10 (C) By striking “for loans and grants pur-
11 suant to this Act” and inserting “for loans and
12 grants pursuant to title I”.

13 (D) By striking “five years after the date
14 of enactment of this Act” and inserting “ten
15 years after the date of enactment of the Small
16 Reclamation Water Resources Project Act of
17 2001”.

18 (E) By striking “section 4(c)” and insert-
19 ing “title I”.

20 **SEC. 203. ADDITIONAL APPROPRIATIONS.**

21 Section 404 of the Small Reclamation Projects Act
22 of 1956 (43 U.S.C. 422j), as redesignated by section
23 202(d)(1) of this Act, is further amended—

24 (1) by striking “such sums” and all that follows
25 through “That the Secretary” and inserting “to



1 carry out this Act \$1,300,000,000 for fiscal years
2 after fiscal year 2001, of which \$900,000,000 may
3 be appropriated to carry out title I and to complete
4 ongoing projects under Public Law 84-984,
5 \$300,000,000 may be appropriated to carry out title
6 II, and \$100,000,000 may be appropriated to carry
7 out title III. Of funds authorized under this Act, not
8 more than 20 percent shall be used for projects to
9 be carried out by Indian tribes or in economically
10 disadvantaged communities. The Secretary”; and

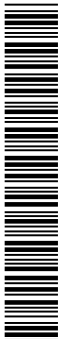
11 (2) by striking “any single State” and all that
12 follows through “the Secretary is authorized to
13 waive” and inserting “in any single State. Funds ob-
14 ligated or expended for projects by Indian tribes
15 shall not be considered for purposes of the preceding
16 sentence. The Secretary may waive”.

17 **SEC. 204. GUIDELINES.**

18 Within 180 days after the date of enactment of this
19 Act, the Secretary of the Interior shall complete and pub-
20 lish such administrative guidelines as may be necessary
21 to carry out the amendments made by this title.

22 **SEC. 205. EFFECTIVE DATE.**

23 The amendments made by this title shall take effect
24 on the date of enactment of this Act. Nothing in this title
25 or in any amendment made by this title shall affect any



1 loan or grant that has been approved before the date of
2 enactment of this Act.

3 **SEC. 206. LIMITATION.**

4 Activities funded under this title shall not be consid-
5 ered a supplemental or additional benefit under the Act
6 of June 17, 1902 (82 Stat. 388), and all Acts amendatory
7 thereof or supplementary thereto.

Amend the title so as to read: “To authorize funding through the Secretary of the Interior for the implementation of a comprehensive program in California to achieve increased water yield, improved water quality, and enhanced environmental benefits, as well as improved water system reliability, water use efficiency, watershed management, water transfers, and levee protection.”.

